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SENSITIVE
SIPDIS

STATE FOR EAP/MLS MBROWN; EEB/ESC/TFS JMKLEIN; EAP/MLS LSCHEIBE
USTR FOR DBISBEE

E.O. 12958: N/A
TAGS: ECON PGOV PREL EFIN ETRD VM
SUBJECT: Vietnam's Ruby Industry

REF: State 127059 (Demarche Request: Gathering Information on the Local Ruby Industry)

¶1. (U) This cable is in response to State 127059.

¶2. (SBU) Vietnam has two operational mines that are actively producing rubies. One mine is located in Yen Bai province and the other in Nghe An. Both mines are privately owned and produce approximately 15-20 kilograms of mixed gemstone ore, including some rubies, per mine, per year. Unfinished stones are sold to local, family owned jewelry stores where they are then finished and sold directly to consumers. Only two rubies of significant value have been discovered in Vietnam and they are currently owned and stored by the State Bank of Vietnam. All rubies produced by the mines are consumed domestically and are not for export.

¶3. (SBU) The Ministry of Natural Resources and Environment (MONRE) receives applications for gemstone mines, but all such applications must go to the Prime Minister for approval. Mining companies must also report annual ore output to MONRE and a corresponding mineral royalty must be paid to the Ministry of Finance. There is no other system for tracking locally produced rubies or identifying their place of origin. Officials at MONRE call Vietnam's ruby production "negligible" and since no rubies are exported, do not feel such a system is necessary at this time. Some illegal mining operations do exist but MONRE does not believe them to be significant in size or output.

MICHALAK